## 79 ABSTRA<u>C</u>T

A method of generating cells capable of secreting insulin is disclosed. The method comprises subjecting mammalian embryonic stem cells to set of culturing conditions suitable for differentiation of at least a portion thereof into cells displaying at least one characteristic associated with a pancreatic islet cell progenitor phenotype, and subjecting such differentiated cells to a set of culturing conditions suitable for formation of surface bound cell clusters including insulin producing cells.